

Status: File Pending

**Western Massachusetts Electric Company
Docket No. DTE 05-10**

**Information Request DTE-01
Dated: 05/24/2005
Q- DTE1-006
Page 1 of 1**

**Witness: Michael J. Mahoney
Request from: Department of Telecommunications and Energy**

Question:

Refer to page 8 of the pre-filed testimony of Michael J. Mahoney. Please provide a narrative describing how the funds provided by the \$50,388,000 over-recovery of transition charges have been utilized by the Company.

Response:

In years when the transition charge creates an over-recovery, the over-recovery becomes a source of capital and serves to reduce the need for the Company to increase debt borrowing or equity issuance in order to operate its business. Likewise, in years when transition charges generate an under-recovery, the Company needs to make up the shortfall by increasing debt or equity. Therefore the Company uses the annual weighted average cost of capital to calculate carrying charges for both under/over-recoveries since it impacts the Company's capital.